

Second Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO

**REENGROSSED**

*This Version Includes All Amendments  
Adopted in the House of Introduction*

LLS NO. 14-0619.02 Jason Gelender x4330

**HOUSE BILL 14-1159**

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**HOUSE SPONSORSHIP**

**Young and Dore,** Fischer, Lebsock, McLachlan, Mitsch Bush, Vigil

**SENATE SPONSORSHIP**

**Schwartz and Crowder,**

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**House Committees**

Agriculture, Livestock, & Natural Resources  
Finance  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING A STATE SALES AND USE TAX EXEMPTION FOR**  
102 **COMPONENTS USED IN BIOGAS PRODUCTION SYSTEMS.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

The bill exempts from state sales and use tax components used in biogas production systems. Local governments that currently impose sales or use tax on such components may either continue to do so or may exempt them from their sales or use taxes.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

HOUSE  
3rd Reading Unamended  
April 10, 2014

HOUSE  
Amended 2nd Reading  
April 9, 2014

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 39-26-724, **amend**  
3 (2) (a); and **add** (1) (c) and (2) (a.5) as follows:

4 **39-26-724. Components used to produce energy from a**  
5 **renewable energy source - limits - exemption claimed as refund -**  
6 **definitions - repeal.** (1) (c) (I) EXCEPT AS OTHERWISE PROVIDED IN  
7 SUBPARAGRAPH (II) OF THIS PARAGRAPH (c), ON AND AFTER THE  
8 EFFECTIVE DATE OF THIS PARAGRAPH (c), ALL SALES, STORAGE, AND USE  
9 OF COMPONENTS USED IN BIOGAS PRODUCTION SYSTEMS FOR THE  
10 PRODUCTION OF BIOGAS FOR SALE TO A POWER GENERATOR, AS A  
11 TRANSPORTATION FUEL, OR AS RENEWABLE NATURAL GAS ARE EXEMPT  
12 FROM TAXATION UNDER PARTS 1 AND 2 OF THIS ARTICLE.

13 (II) (A) THE MAXIMUM AGGREGATE AMOUNT OF ALL EXEMPTIONS  
14 ALLOWED UNDER THIS PARAGRAPH (c) FOR EACH FISCAL YEAR IS THREE  
15 HUNDRED THOUSAND DOLLARS.

16 (B) THE EXEMPTION ALLOWED UNDER THIS PARAGRAPH (c) IS NOT  
17 ALLOWED AT THE POINT OF SALE OR USE, BUT MAY INSTEAD BE CLAIMED  
18 BY A TAXPAYER ANNUALLY AS A REFUND OF SALES OR USE TAXES PAID. TO  
19 CLAIM A REFUND, A TAXPAYER MUST SUBMIT A REFUND APPLICATION TO  
20 THE DEPARTMENT OF REVENUE ON A FORM PROVIDED BY THE  
21 DEPARTMENT NO EARLIER THAN JULY 1 AND NO LATER THAN OCTOBER  
22 1 OF THE FISCAL YEAR FOLLOWING THE FISCAL YEAR FOR WHICH THE  
23 REFUND IS CLAIMED. THE APPLICATION MUST INCLUDE PROOF OF  
24 PAYMENT BY THE TAXPAYER IN THE IMMEDIATELY PRECEDING FISCAL  
25 YEAR OF STATE SALES AND USE TAXES TO WHICH THE EXEMPTION APPLIES  
26 AND ANY ADDITIONAL INFORMATION THAT THE DEPARTMENT MAY

1 REQUIRE BY RULES PROMULGATED IN ACCORDANCE WITH ARTICLE 4 OF  
2 TITLE 24, C.R.S. IF THE SUM OF ALL REFUNDS TIMELY CLAIMED FOR A  
3 FISCAL YEAR EXCEEDS THE ANNUAL LIMIT SPECIFIED IN  
4 SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (II), THE DEPARTMENT  
5 SHALL REDUCE ALL REFUNDS ON A PRO RATA BASIS. NO REFUND IS  
6 ALLOWED TO A TAXPAYER WHO FAILS TO COMPLY WITH THIS  
7 SUB-SUBPARAGRAPH (B).

8 (III) THIS PARAGRAPH (c) IS REPEALED, EFFECTIVE JULY 1, 2019.

9 (2) As used in this section:

10 (a) (I) "Components used in solar thermal systems" shall include,  
11 but shall not be limited to:

12 ~~(I) Solar collectors, including flat-plate collectors, evacuated tube~~  
13 ~~collectors, solar air collectors, and concentrating solar thermal collectors;~~

14 ~~(II) Tanks for the storage of gases or liquids that have been heated~~  
15 ~~or cooled by solar-generated energy;~~

16 ~~(III) Pumps, impellers, and fans for the circulation of gases or~~  
17 ~~liquids that have been heated or cooled by solar-generated energy;~~

18 ~~(IV) Heat exchangers used to transfer solar-generated energy;~~

19 ~~(V) Support structures, racks, and foundations for any components~~  
20 ~~listed in subparagraphs (I) to (IV) of this paragraph (a); and~~

21 ~~(VI) Any other system components such as piping, valves, gauges,~~  
22 ~~fittings, insulation, and controls for any components listed in~~

23 ~~subparagraphs (I) to (IV) of this paragraph (a). "COMPONENTS USED IN~~  
24 ~~BIOGAS PRODUCTION SYSTEMS" INCLUDES ALL TANGIBLE PERSONAL~~  
25 ~~PROPERTY USED IN CONNECTION WITH THE PRODUCTION OF BIOGAS AND~~  
26 ~~RELATED SOLID BY-PRODUCTS AND LIQUID BY-PRODUCTS, INCLUDING BUT~~  
27 ~~NOT LIMITED TO:~~

1 (A) ANAEROBIC DIGESTION SYSTEMS, INCLUDING BUT NOT LIMITED  
2 TO TRUCK WEIGHING EQUIPMENT, TRUCK UNLOADING EQUIPMENT,  
3 MANURE RECEIVING PITS, SUBSTRATE STORAGE TANKS, SUBSTRATE  
4 RECEIVING PITS, DOSING TANKS, ANAEROBIC DIGESTER TANKS, NATURAL  
5 GAS-FIRED BOILERS, BLOWERS, PUMPS, ELECTRICAL EQUIPMENT, CONTROL  
6 SYSTEMS, PIPING, VALVES, AND RELATED TANGIBLE PERSONAL PROPERTY;

7 (B) BIOGAS UPGRADE SYSTEMS, INCLUDING BUT NOT LIMITED TO  
8 PRESSURIZED GAS PROCESSING TECHNOLOGY SYSTEMS, OXYGEN REMOVAL  
9 GAS SYSTEMS, BOOSTER COMPRESSORS, GROUND FLARES, DRYERS, PUMPS,  
10 ELECTRICAL EQUIPMENT, CONTROL SYSTEMS, GAS PIPELINE  
11 INTERCONNECTION EQUIPMENT, PIPING, VALVES, HYDROGEN SULFIDE GAS  
12 CLEAN UP SYSTEMS, AND RELATED TANGIBLE PERSONAL PROPERTY; AND

13 (C) DIGESTED SOLIDS SYSTEMS, INCLUDING BUT NOT LIMITED TO  
14 HOLDING PITS, CENTRIFUGES, OTHER DEWATERING EQUIPMENT, PUMPS,  
15 ELECTRICAL EQUIPMENT, CONTROL SYSTEMS, CONVEYORS, WATER  
16 STORAGE PONDS AND RELATED EQUIPMENT, PIPING, VALVES, AND RELATED  
17 TANGIBLE PERSONAL PROPERTY.

18 (II) THIS PARAGRAPH (a) IS REPEALED, EFFECTIVE JULY 1, 2019.

19 (a.5) "COMPONENTS USED IN SOLAR THERMAL SYSTEMS" INCLUDE,  
20 BUT ARE NOT LIMITED TO:

21 (I) SOLAR COLLECTORS, INCLUDING FLAT-PLATE COLLECTORS,  
22 EVACUATED TUBE COLLECTORS, SOLAR AIR COLLECTORS, AND  
23 CONCENTRATING SOLAR THERMAL COLLECTORS;

24 (II) TANKS FOR THE STORAGE OF GASES OR LIQUIDS THAT HAVE  
25 BEEN HEATED OR COOLED BY SOLAR-GENERATED ENERGY;

26 (III) PUMPS, IMPELLERS, AND FANS FOR THE CIRCULATION OF  
27 GASES OR LIQUIDS THAT HAVE BEEN HEATED OR COOLED BY

1 SOLAR-GENERATED ENERGY;

2 (IV) HEAT EXCHANGERS USED TO TRANSFER SOLAR-GENERATED  
3 ENERGY;

4 (V) SUPPORT STRUCTURES, RACKS, AND FOUNDATIONS FOR ANY  
5 COMPONENTS LISTED IN SUBPARAGRAPHS (I) TO (IV) OF THIS PARAGRAPH  
6 (a.5); AND

7 (VI) ANY OTHER SYSTEM COMPONENTS SUCH AS PIPING, VALVES,  
8 GAUGES, FITTINGS, INSULATION, AND CONTROLS FOR ANY COMPONENTS  
9 LISTED IN SUBPARAGRAPHS (I) TO (IV) OF THIS PARAGRAPH (a.5).

10 **SECTION 2.** In Colorado Revised Statutes, 29-2-105, **add** (1) (d)  
11 (I) (M) as follows:

12 **29-2-105. Contents of sales tax ordinances and proposals -**  
13 **repeal.** (1) The sales tax ordinance or proposal of any incorporated town,  
14 city, or county adopted pursuant to this article shall be imposed on the  
15 sale of tangible personal property at retail or the furnishing of services,  
16 as provided in paragraph (d) of this subsection (1). Any countywide or  
17 incorporated town or city sales tax ordinance or proposal shall include the  
18 following provisions:

19 (d) (I) A provision that the sale of tangible personal property and  
20 services taxable pursuant to this article shall be the same as the sale of  
21 tangible personal property and services taxable pursuant to section  
22 39-26-104, C.R.S., except as otherwise provided in this paragraph (d).  
23 The sale of tangible personal property and services taxable pursuant to  
24 this article shall be subject to the same sales tax exemptions as those  
25 specified in part 7 of article 26 of title 39, C.R.S.; except that the sale of  
26 the following may be exempted from a town, city, or county sales tax only  
27 by the express inclusion of the exemption either at the time of adoption

1 of the initial sales tax ordinance or resolution or by amendment thereto:

2 (M) THE EXEMPTION FOR SALES OF COMPONENTS USED IN BIOGAS  
3 PRODUCTION SYSTEMS SPECIFIED IN SECTION 39-26-724 (1) (c), C.R.S.  
4 THIS SUB-SUBPARAGRAPH (M) IS REPEALED, EFFECTIVE JULY 1, 2019.

5 **SECTION 3.** In Colorado Revised Statutes, 29-2-109, **add** (1.5)  
6 as follows:

7 **29-2-109. Contents of use tax ordinances and proposals -**  
8 **repeal.** (1.5) (a) THE USE TAX ORDINANCE, RESOLUTION, OR  
9 PROPOSAL OF ANY TOWN, CITY, OR COUNTY ADOPTED PURSUANT TO THIS  
10 ARTICLE MAY RECITE THAT THE USE TAX DOES NOT APPLY TO THE  
11 STORAGE AND USE OF COMPONENTS USED IN BIOGAS PRODUCTION  
12 SYSTEMS, AS EXEMPTED FROM THE STATE USE TAX PURSUANT TO SECTION  
13 39-26-724 (1) (c), C.R.S.

14 (b) THIS SUBSECTION (1.5) IS REPEALED, EFFECTIVE JULY 1, 2019.

15 **SECTION 4. Safety clause.** The general assembly hereby finds,  
16 determines, and declares that this act is necessary for the immediate  
17 preservation of the public peace, health, and safety.